

Message Text

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E.O. 11652: N/A

TAGS: BTRA, GB

SUBJECT: SOGACEL DIRECTOR VIST IBRD

REF: (A) LIBREVILLE A-25 (B) LIBREVILLE 647

BEGIN UNCLASSIFIED

1. JACQUES CYRILLE RICHARDSON, DIRECTOR GENERAL OF SOCIETE GABONAISE DE CELLULOSE (SOGACEL) WILL BE ARRIVING WASHINGTON O/A JULY 28 FOR LOAN DISCUSSION WITH QUOTE FRIEND UNQUOTE AT IBRD.

2. RICHARDSON TOLD EMBOFF HE WOULD BE NEGOTIATING FOR LONG TERM (20-25YEAR) LOAN TO DEVELOP SOGACEL FOREST CONCESSION. PRESENT IMF STABILIZATION PROGRAM PROHIBITS SHORTER TERM FINANCING. WHILE NO FIGURE FOR AMOUNT OF LOAN WAS MENTIONED, RICHARDSON DID SAY THAT PAPER PULP FACTORY ITSELF WOULD BE PROFITABLE IF LONG TERM FINANCING COULD BE PROVIDED FOR DEVELOPMENT OF FOREST CONCESSION. OF SPECIFIC INTEREST TO U.S. COMPANIES IS RICHARDSON'S STATEMENT THAT FACTORY CONSTRUCTION WOULD BEGIN IF SUFFICIENT IBRD LOAN IS SECURED. RICHARDSON PROMISED TO KEEP EMBOFF INFORMED OF DEVELOPMENTS ON LAON NEGOTIATION. END UNCLASSIFIED.

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3. RICHARDSON ALSO EXPLAINED THAT HE PERSONALLY WAS RESPONSIBLE FOR BRINGING SOGACEL PROJECT TO NEAR TOTAL HALT. IN ACCEPTING POSITION AS DIRECTOR-GENERAL LAST DECEMBER, HE INSISTED THAT SOGACEL HAVE SUFFICIENT

WORKING CAPITAL TO COVER CURRENT ACCOUNTS PAYABLE BEFORE FACTORY CONSTRUCTION WOULD BEGIN. FOUR MONTHS WERE REQUIRED TO OBTAIN GOG FUNDS TO COVER CURRENT DEBTS.

4. RICHARDSON ALSO BRIEFLY DESCRIBED CHAOTIC FINANCIAL MANAGEMENT WHICH PLAGUED SOGACEL UNTIL RECENTLY; ONE EXAMPLE BEING DOUBLE PAYMENT OF BILLS BY SOGACEL'S PARIS AND LIBREVILLE OFFICES.

5. COMMENT: RICHARDSON WAS VERY OPEN AND FRIENDLY AND SOUNDED RATHER UPBEAT ON SOGACEL'S FUTURE. BELIEVE HE FEELS THAT WORST MANAGEMENT PROBLEMS HAVE BEEN SOLVED AND THAT GOVERNMENT HAS FOCUSED SUFFICIENT ATTENTION ON HIS PROJECT. LONG TERM FINANCING IS NOW WHAT IS NEEDED TO ENSURE SUCCESSFUL COMPLETION AND EARLY PROFITABILITY OF SOGACEL. END LIMITED OFFICIAL USE. TIENKEN

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